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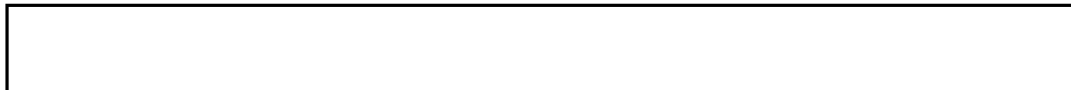
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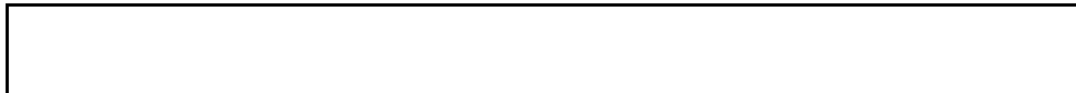
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South Vietnam: Communist forces in some sections of the southern Mekong Delta appear to be in bad shape as a result of government military operations last year.

During 1969, the enemy encountered unaccustomed manpower shortages at the district, village, and hamlet level in Vinh Long and Sa Dec provinces. Communist military units at these levels were running from 45 to 100 percent below their authorized strengths, according to defector debriefings and captured documents. Viet Cong fighters and supporters defected to the government in record numbers, and enemy recruiters failed to replace the losses. There were more than 3,400 defections in Sa Dec during the year and over 2,500 in Vinh Long, according to South Vietnamese Government figures.

The morale of the remaining Viet Cong personnel in these provinces reportedly sagged because their units were badly understrength, and they were not getting as much economic support as in the past from the countryside. Defectors queried in late 1969 also disclosed that there was a great deal of confusion in Viet Cong ranks because of the Communists' inability to solve their problems.

As 1969 drew to a close, however, the Viet Cong began to focus more small-unit operations against pacification, and government security operations were blunted somewhat in certain areas of these two provinces. The Communists appear to be making further efforts to halt their declining fortunes. They reportedly are organizing training programs to improve the quality of leadership, and are tightening security to reduce desertions.

In addition, the Communists are working hard to rebuild their economic base, reportedly concentrating almost all their efforts on collecting taxes

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and rice. To add muscle to this effort, tax collectors are being accompanied by armed guerrillas. It is unlikely, however, that the Communists can in the near future regain anything like the influence they had in Sa Dec and Vinh Long as recently as 1967 and early 1968.



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Japan: Tokyo appears increasingly apprehensive that a power vacuum will develop in the Far East after the US withdraws from Vietnam.

Prime Minister Sato on 26 January, in response to a comment by a visiting US legislator about US troop withdrawals from Vietnam, expressed concern that after Okinawan reversion, Japan will be left with the responsibility for East Asian security. Sato contended that a US military presence in Vietnam, although not necessarily involving combat troops, would be required for at least two more years. The Prime Minister added that with the British military withdrawal from Asia and US disengagement, the security of Southeast Asia was dubious, and "no banker would risk investment" there. Sato called on the US to consult closely with Japan to develop a post-Vietnam "master plan," but he did not elaborate.

It is not clear how deeply Japan's leaders have examined this problem. Publicly, at least, the farthest Tokyo has gone in articulating Japan's security interests in Asia was the statement in the November Nixon-Sato communiqué that the security of East Asia, particularly Taiwan and South Korea, was a matter of "serious concern" for Japan. The Japanese strongly desire to confine any increase in their role in the Far East to the economic sphere, and they look to the US to carry the primary security burden.

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Nationalist China - USSR: Taipei is continuing limited contacts with Moscow.

Earlier this month President Chiang Kai-shek indicated that he approved of Nationalist correspondents in Tokyo maintaining contacts with Soviet journalists there. Chiang began to allow such activities in 1968 when he toned down propaganda directed against the USSR and allowed Victor Louis, who has been used by Moscow as an unofficial envoy elsewhere, to visit Taiwan.

[REDACTED]

[REDACTED] Nationalist specialists are now routinely allowed to attend professional meetings in Eastern Europe and the USSR for the first time since the Nationalists left the mainland 21 years ago.

Chiang's interest in the USSR is primarily directed at trying to exploit Soviet hostility toward Peking, dramatizing Peking's isolation and enhancing Taipei's international position. The Nationalists probably realize the limited potential of such contacts. They believe their cause, however, has benefited from Soviet demarches to other nations intended to discourage recognition of Peking and weaken its support in the UN.

[REDACTED]

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West Germany - USSR - Eastern Europe: Chancellor Brandt is trying to test the prospects for success in the renunciation of force talks with Moscow, and Bonn has simultaneously scheduled negotiations with Warsaw and Pankow.

Brandt believes that Pankow is bending every effort to discourage other Warsaw Pact states from negotiating with Bonn. Concluding that his Eastern policies are in danger, he is sending Egon Bahr, his closest foreign policy adviser, to Moscow to see whether there is a real prospect of long-range success. Bahr's instructions have not yet been disclosed to Bonn's allies.

The Soviets have agreed provisionally that talks can begin on 30 January. They can be expected to demand a far-reaching West German acceptance of the East European status quo. Moscow is aware, however, that Brandt cannot extend full de jure recognition to East Germany.

Pursuing its multitrack Eastern policy, Bonn has announced that negotiations with East Germany on postal matters, recessed since November, will be resumed on 30 January. The major issues concern West Berlin's relationship to the Federal Republic in postal matters, and whether East Germany will improve intra-German and East-West Berlin telecommunication services before or after Bonn pays for past services.

West Germany is also scheduled to open political talks with Poland in Warsaw on 5 February. The question of West German recognition of Poland's Oder-Neisse border and a non-use of force agreement will be on the agenda. The Poles and West Germans are currently engaged in economic talks in Bonn.

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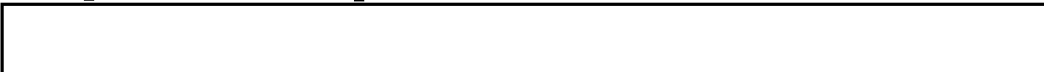
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USSR-Mongolia: Moscow continues generous economic aid as a device for keeping Mongolia firmly allied against Communist China.

Aid from the USSR and East European countries made possible large increases in investment funds for industry and agriculture during the past three years, according to a recent broadcast from Ulan Bator. Soviet spending and commitments to Mongolia have totaled more than \$1.1 billion since 1965, when China withdrew financial and labor support because of Ulan Bator's growing pro-Soviet stance. Another form of Soviet aid since 1965 has been "postponement" of repayment of about \$188 million of loans made during 1961-65.

The Mongols want to develop industry and agriculture to achieve a more balanced economy. They hope to increase exports enough to decrease their dependence on foreign largess for economic development funds. The economy's current well-being, however, depends overwhelmingly on the cattle, sheep, goats, and yaks that provide food and raw materials for consumer goods. In this essential sector, foreign aid has not been used wisely. Little investment went into building fodder stations and shelters until the past two years, when severe winter losses of animals focused attention on this area. The herds probably have been reduced 20 percent during the past two years to a 40-year low of about 18 million head.

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USSR-ECAFE: Moscow is professing renewed interest in the activity of the UN Economic Commission for Asia and the Far East (ECAFE).

Soviet Foreign Ministry officials this month have made separate demarches to the Indians, Burmese, and Japanese in Moscow about the USSR's desire to strengthen ECAFE. [REDACTED]

Despite these approaches, it is doubtful that the USSR is ready yet to strengthen ECAFE. The Soviets probably still believe that they can best advance their own interests through bilateral economic cooperation with Asian states. They continue to denounce subregional organizations such as the Association of Southeast Asian Nations and the Asian and Pacific Council and to discourage the Indians whenever they propose creating a new subcontinental organization that New Delhi could dominate. For 22 years, the Soviets have used ECAFE primarily as a propaganda forum to denounce the US, and Soviet aid offers to the organization have been infrequent and generally unacceptable.

Times are changing, however, and Moscow's concern about the Chinese role in Asia has apparently caused it to adopt a more positive position on questions of Asian economic cooperation and collective security. Because ECAFE is the only Asian organization where the USSR has even a modicum of influence and because Moscow is anxious to forestall the creation of new regional groupings, it is not surprising that the USSR is now claiming new interest in ECAFE. Unless they believe that Chinese activity forces a change in their policy, the Soviets will continue to work against Western influence in ECAFE and to oppose sponsoring economic projects jointly with the West. [REDACTED]

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Italy: Conflict over the Italian Communist
Party (PCI) leadership is sharpening [redacted]

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Party Vice Secretary General Enrico Berlinguer, who advocates a relatively independent course, is apparently losing ground to veteran leader Giorgio Amendola, who has identified himself with pro-Soviet elements. The two are contesting the succession to Secretary General Longo, who is seriously ill.

Amendola won considerable support from the party's old guard and pro-Soviet elements last fall when he successfully insisted on the suspension of dissidents, with whom Berlinguer had sought an accommodation.

Unease among the cadres over the increasing isolation of the Italian Communists from the USSR and pro-Soviet parties has apparently also been a factor weighing against Berlinguer and in favor of Amendola. The isolation results from the Italian condemnation of the Soviet intervention in Czechoslovakia, a position with which Berlinguer has been closely identified. [redacted]

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Dominican Republic: Juan Bosch's Dominican Revolutionary Party (PRD) has all but ruled out official participation in the elections on 16 May if President Balaguer runs for re-election.

Party Secretary General Pena Gomez, after consultations with the self-exiled Bosch, announced that if the "present political situation persists until May, conditions will not allow the PRD to participate." He said that "militant and activist abstention" is the only course. Although an official decision will be made later by a national convention, the speech appeared to predicate any chance of participation on the "remote possibility" that Balaguer will not run.

If the PRD, which is the major opposition group, does not participate officially, its bloc of votes is likely to be scattered among several smaller opposition parties. Balaguer would then be in an even better position to win.

Although the abstentionist course is not irrevocable, it will be difficult for the leadership to retrench from its increasingly stronger stand. Unless the PRD can find some means of "unofficially" supporting a candidate, or perhaps running only "independent" congressional slates, the party is headed for a split between moderates and radicals. If the party does abstain and somehow manages to maintain surface unity, it will still suffer serious erosion of its grass-roots strength when it loses its present congressional and municipal posts and relinquishes the patronage that goes with them. President Balaguer has maintained that the PRD is removing itself from the legitimate political arena, and an abstentionist policy will allow him to isolate the party further.

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Arab States - USSR: According to a fedayeen spokesman, Palestine Liberation Organization leader Yasir Arafat is to visit the USSR by the end of this month. Arafat is probably seeking Soviet military, political, and economic assistance, and would be unlikely to put his prestige on the line by going to Moscow without some expectation of success.

[REDACTED]

Moscow is likely to give Arafat an encouraging response--at least in general terms. Any military aid, however, will probably continue to be limited to light arms and will still be channeled through Arab governments.

[REDACTED]

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Japan-USSR: The Japanese have agreed to cooperate with the Soviets in expanding the Siberian port of Nakhodka, 60 miles southeast of Vladivostok, according to a press announcement. Although details of the agreement are not known, earlier Japanese studies called for the construction of five new wharves that would significantly upgrade the port's capability. The improved port will facilitate regional trade growth resulting from previous Japanese agreements to assist in the development of Siberian timber resources. Elimination of the transport bottleneck also improves the outlook for other proposed joint Siberian ventures.

[REDACTED]

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Brazil: Several US citizens in Sao Paulo have recently received anonymous threats of violence, possibly to occur within the next two weeks. During the past few months, there has been some decline in the level of terrorism that has plagued Sao Paulo and other urban centers, as security forces have rounded up members of violence-oriented groups. These setbacks, however, may inspire the remnants of these organizations to try some spectacular operations against Americans to demonstrate that they have not abandoned their "revolutionary" plans. [REDACTED]

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Cuba: Several government agencies in Oriente Province have been reprimanded through the official provincial news media for allowing delays of several days in transporting cut cane to the sugar mills. For the first time charges of negligence were leveled at specific government officials, four of whom were penalized. The strong criticism is probably meant to inspire greater efficiency among all Cuban administrators involved in the harvest, in contrast to previous more general statements that placed primary responsibility for harvesting the sugar on the leadership cadre and on the workers. Oriente's traditionally high production is vital to the achievement of the ten-million-ton goal. [REDACTED]

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Hungary: The Hungarian Government has made two recent goodwill gestures toward the US, probably in hopes of restoring movement toward talks on the improvement of bilateral relations. The Hungarians have granted clemency to a US citizen convicted of criminal negligence in an accidental traffic death, a clear break with past rejections of requests for similar action. Budapest has asked that publicity on this matter be minimized. The action follows by a few days Hungary's announcement that it has agreed to pay prewar debts to private US banks. [REDACTED]

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